

Bachus Statement During CFPA Hearing

September 30, 2009

WASHINGTON - Congressman Spencer Bachus, the top Republican on the Financial Services Committee, made the following statement today during the Full Committee hearing entitled, "Perspectives on the Consumer Financial Protection Agency."

"Before I start my statement, I would like to express, on behalf of the Republican Members of Committee, our heart-felt condolences to Mrs. Maloney on the passing of her husband, Clifton. Our thoughts and prayers are with her and her family during this difficult time.

"Mr. Chairman, thank you for holding today's hearing. I look forward to hearing the perspectives of the assembled witnesses on the merits of creating a Consumer Financial Protection Agency.

"We can do a better job of protecting the consumer, and we should, however, the Administration's proposed CFPA is conceptually flawed. Since the Treasury Department submitted legislative language to Congress nearly three months ago, we have heard from community bankers, credit unions, accountants, small business owners and federal financial regulators that this massive new regulatory bureaucracy will create more confusion for consumers, more government spending, less access to credit and less consumer protection.

"In deference to this widespread public and official opposition, Chairman Frank released last Friday a new working draft that attempts to narrow the scope of the CFPA as first proposed by the Obama Administration. However, tinkering around the margins of a fundamentally flawed proposal is not the solution. What is needed is an entirely different approach.

"Fortunately, there are a number of alternatives that would achieve the goals of empowering consumers and combating abusive practices without limiting access to credit, imposing excessive compliance and litigation costs on small businesses, creating a new government bureaucracy, or undermining safety and soundness regulation.

"For example, the regulatory reform bill that House Republicans introduced addresses consumer protection through regulatory consolidation. Americans want better tools to make sound financial decisions and stronger enforcement of consumer protection laws, not another government agency to add to the regulatory alphabet soup that characterizes the current structure. A single, functional regulator with both consumer protection and safety and soundness responsibilities will prevent the regulatory arbitrage that was all too common in the run-up to the subprime crisis, and provide consumers with increased accountability and transparency.

"Mr. Chairman, this is absolutely the wrong time to be creating a new government agency empowered not only to ration credit, but to design the financial products offered to consumers. Every day, we hear about struggling families, families with good credit histories that are denied credit so they can own a home, buy a car, start a business and be part of a community.

"We can protect consumers without limiting their options for borrowing, investing and saving. We can better protect consumers without imposing new taxes and fees on their financial transactions, increasing the cost of borrowing, or creating a new bureaucracy. Let's work together to find more practical solutions that will allow markets to function effectively, and will provide consumers with the tools they need to make good financial choices on their own, rather than having those choices made for them by government bureaucrats. Thank you again to the witnesses and I yield back the balance of my time."

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